



COMPANY INFORMATION PAGE (JURAT)
Health Risk-Based Capital
For the Year Ending December 31, 2008

(A) Company Name Premier Behavioral Systems of Tennessee, LLC

(B) NAIC Group Code 0000

(C) NAIC Company Code 00000

(D) Employer's ID Number 62-1641638

(E) Organized Under the Laws of the State of Tennessee

Contact Person for Health Risk-Based Capital:

(F) First Name Michael

(G) Middle

(H) Last Name Fotinos

(I) Mail Address of Contact Person 222 Second Ave. N. Suite 220

(J) City Nashville

(K) State TN

(L) Zip 37201-

(M) Phone Number 410-953-1643

(N) Email Address of RBC Contact Person mdfotinos@magellanhealth.com

(O) Date Prepared

(P) Preparer (if different than Contact)

First

Middle

Last

(Q) Is this an Original, Amended or Refiling? (O, A, R)

(Q1) If Amended, Amendment Number:

(R) Were any items that come directly from the annual
statement entered manually to prepare this filing?
(Yes/No) No

(S) Was the entity in business for the entire reporting year?

Officers: Name

Title

Each says that they are the above described officers of the said insurer, and that this risk-based capital report is a true and fair representation of the company's affairs and has been completed in accordance with the NAIC instructions, according to the best of their information, knowledge and belief, respectively.

Signature

Signature

Signature

XR001

AFFILIATES RISK

AFFILIATED COMPANIES RISK

	Type of Affiliate	Type Code	Basis	(1) RBC	(2) Count
(1)	Directly Owned Insurer Subject to RBC.....	1	Affil's RBC*	0	0
(2)	Indirectly Owned Insurer Subject to RBC.....	2	Affil's RBC*	0	0
(3)	Directly Owned MCO Subject to RBC.....	3	Affil's RBC*	0	0
(4)	Indirectly Owned MCO Subject to RBC.....	4	Affil's RBC*	0	0
(5)	Investment Subsidiary.....	5	Affil's RBC*	0	0
(6)	Holding Company Excess of Subsidiaries.....	6	0.300	0	0
(7)	Directly Owned Alien Insurer.....	7	1.000	0	0
(8)	Indirectly Owned Alien Insurers.....	8	1.000	0	0
(9)	Investment In Parent.....	9	0.300	0	0
(10)	Other Affiliates.....	10	0.300	0	0
(11)	Fair Value Excess Affiliate Common Stock	11	Total of Type Codes 1 through 5 of XR002, Col. 13	0	0

* Capped at carrying value on the parent's statement

AFFILIATES RISK

CROSSCHECKING FOR AFFILIATED INVESTMENTS

Schedule D, Part 6, Section 1

Preferred Stock				
	Annual Statement Line Number	(1) Annual Statement Total Preferred Stock	(2) Total From RBC Report	(3) Difference
(1) Parent.....	0199999	.....0	.....0	.....0
(2) U.S. P&C Insurers.....	0299999	.....0	XXXX	XXXX
(3) U.S. Life Insurers.....	0399999	.....0	XXXX	XXXX
(4) U.S. Health Entity.....	0499999	.....0	XXXX	XXXX
(5) Total P&C, Life and Health Insurers.....		.....0	.....0	.....0
(6) Alien Insurer.....	0599999	.....0	.....0	.....0
(7) Non-Insurer Which Controls Insurers.....	0699999	.....0	.....0	.....0
(8) Investment Subsidiary.....	0799999	.....0	.....0	.....0
(9) Other Affiliates.....	0899999	.....0	.....0	.....0
(10) Subtotal	0999999	0	0	0

Common Stock				
	Annual Statement Line Number	(1) Annual Statement Total Common Stock	(2) Total From RBC Report	(3) Difference
(11) Parent.....	1099999	.....0	.....0	.....0
(12) U.S. P&C Insurers.....	1199999	.....0	XXXX	XXXX
(13) U.S. Life Insurers.....	1299999	.....0	XXXX	XXXX
(14) U.S. Health Entity.....	1399999	.....0	XXXX	XXXX
(15) Total P&C, Life and Health Insurers.....		.....0	.....0	.....0
(16) Alien Insurer.....	1499999	.....0	.....0	.....0
(17) Non-Insurer Which Controls Insurers.....	1599999	.....0	.....0	.....0
(18) Investment Subsidiary.....	1699999	.....0	.....0	.....0
(19) Other Affiliates.....	1799999	.....0	.....0	.....0
(20) Subtotal	1899999	0	0	0

XR004

Premier Behavioral Systems of Tennessee, LLC

AFFILIATES RISK**OFF-BALANCE SHEET RISK (See instructions for explanation)**

	Annual Statement Source	(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
(1) Loaned to Others - Conforming Securities Lending Program.....	General Interrogatories Part 1 Line 22.5	.....0	0.002	.....0
(2) Loaned to Others - Securities Lending Programs - Other.....	General Interrogatories Part 1 Line 22.6	.....0	0.010	.....0
(3) Subject to Repurchase Agreements.....	General Interrogatories Part 1 Line 23.21	.....0	0.010	.....0
(4) Subject to Reverse Repurchase Agreements.....	General Interrogatories Part 1 Line 23.22	.....0	0.010	.....0
(5) Subject to Dollar Repurchase Agreements.....	General Interrogatories Part 1 Line 23.23	.....0	0.010	.....0
(6) Subject to Reverse Dollar Repurchase Agreements.....	General Interrogatories Part 1 Line 23.24	.....0	0.010	.....0
(7) Pledged as Collateral.....	General Interrogatories Part 1 Line 23.25	.....0	0.010	.....0
(8) Assets Placed Under Option Agreements.....	General Interrogatories Part 1 Line 23.26	.....0	0.010	.....0
(9) Letter Stock or Other Securities Restricted.....	General Interrogatories Part 1 Line 23.27	.....0	0.010	.....0
(10) On Deposit with State or Other Regulatory Body.....	General Interrogatories Part 1 Line 23.28	.....0	0.010	.....0
(11) Other.....	General Interrogatories Part 1 Line 23.29	.....0	0.010	.....0
(12) Total Non-controlled Assets.....	Sum of Lines (1) through (11)	.....0		.....0
(13) Guarantees for Affiliates.....	Notes to Financial Statements 10E	.....0	0.010	.....0
(14) Contingent Liabilities.....	Notes to Financial Statements 14A(1)	.....0	0.010	.....0
(15) Total Miscellaneous Off Balance Sheet Items	L(12) + L(13) + L(14)	0		0

OFF-BALANCE SHEET COLLATERAL

Asset Category		Annual Statement Source	(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
Fixed Income Assets - Bonds					
(1)	Class 01 - U.S. Government - Direct and Guaranteed.....	Company Records		0.000	.....0
(2)	Other Class 01 Bonds.....	Company Records		0.003	.....0
(3)	Total Class 01 Bonds.....	Line (1) + Line (2)	.....0		.....0
(4)	Total Class 02 Bonds.....	Company Records		0.010	.....0
(5)	Total Class 03 Bonds.....	Company Records		0.020	.....0
(6)	Total Class 04 Bonds.....	Company Records		0.045	.....0
(7)	Total Class 05 Bonds.....	Company Records		0.100	.....0
(8)	Total Class 06 Bonds.....	Company Records		0.300	.....0
(9)	Total Bonds.....	L(3)+L(4)+L(5)+L(6)+L(7)+L(8)	.....0		.....0
Equity Assets					
Preferred Stock - Unaffiliated					
(10)	Class 01 Unaffiliated Preferred Stock.....	Company Records		0.003	.....0
(11)	Class 02 Unaffiliated Preferred Stock.....	Company Records		0.010	.....0
(12)	Class 03 Unaffiliated Preferred Stock.....	Company Records		0.020	.....0
(13)	Class 04 Unaffiliated Preferred Stock.....	Company Records		0.045	.....0
(14)	Class 05 Unaffiliated Preferred Stock.....	Company Records		0.100	.....0
(15)	Class 06 Unaffiliated Preferred Stock.....	Company Records		0.300	.....0
(16)	Total Unaffiliated Preferred Stock.....	Sum of Lines (10) through (15)	.....0		.....0
(17)	Common Stock.....	Company Records		0.150	.....0
(18)	Schedule BA - Other Invested Assets.....	Company Records		0.100	.....0
(19)	Other Invested Assets.....	Company Records		0.200	.....0
(20)	Total	L(9)+L(16)+L(17)+L(18)+L(19)	0		0

XR006

Premier Behavioral Systems of Tennessee, LLC

FIXED INCOME ASSETS

	Annual Statement Source	(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
BONDS				
(1) Class 01 – U.S. Government – Direct and Guaranteed.....	Sch D, Pt 1A, Sn 1, Col 6, Line 1.1	1,950,531		
(2) Total Class 01 Bonds.....	Sch D, Pt 1A, Sn 1, Col 6, Line 10.1	1,950,531		
(3) Other Class 01 Bonds.....	L(2) - L(1)	.0	0.003	.0
(4) Total Class 02 Bonds.....	Sch D, Pt 1A, Sn 1, Col 6, Line 10.2	.0	0.010	.0
(5) Total Class 03 Bonds.....	Sch D, Pt 1A, Sn 1, Col 6, Line 10.3	.0	0.020	.0
(6) Total Class 04 Bonds.....	Sch D, Pt 1A, Sn 1, Col 6, Line 10.4	.0	0.045	.0
(7) Total Class 05 Bonds.....	Sch D, Pt 1A, Sn 1, Col 6, Line 10.5	.0	0.100	.0
(8) Total Class 06 Bonds.....	Sch D, Pt 1A, Sn 1, Col 6, Line 10.6	.0	0.300	.0
(9) Total Bonds.....		1,950,531		.0
MISCELLANEOUS FIXED INCOME ASSETS				
(10) Cash.....	Page 2, Line 5, inside amount 1	28,801,430	0.003	86,404
(11) Cash Equivalents.....	Page 2, Line 5, inside amount 2	.0		
(12) Less: Cash Equivalents, Bonds included in Schedule D, Part 1A.....	Sch E Pt 2, C6 L 6099999 in part			
(13) Net Cash Equivalents.....	L (11) - L (12)	.0	0.003	.0
(14) Short-Term Investments.....	Page 2, Line 5, inside amount 3	.0		
(15) Short-Term Bonds *.....	Sch DA, Pt 1, Col 7, Line 6099999	.0		
(16) Exempt Money Market Mutual Funds *.....	Sch DA, Pt 1, Col 7, Line 7999999	.0		
(17) Class One Money Market Mutual Funds *.....	Sch DA, Pt 1, Col 7, Line 8099999	.0		
(18) Total Other Short-Term Investments.....	L(14) - L(15) - L(16) - L(17)	.0	0.003	.0
(19) Mortgage Loans - First Liens.....	Page 2, Col 3, Line 3.1	.0	0.050	.0
(20) Mortgage Loans - Other Than First Liens.....	Page 2, Col 3, Line 3.2	.0	0.050	.0
(21) Receivable for Securities.....	Page 2, Col 3, Line 8	.0	0.050	.0
(22) Aggregate write-ins for invested assets.....	Page 2, Col 3, Line 9	.0	0.050	.0
(23) Collateral Loans.....	Included in Page 2, Col 3, Line 7		0.050	.0
(24) Other Long-Term Invested Assets.....	Included in Page 2, Col 3, Line 7		0.200	.0
(25) Total Other Long-Term Invested Assets (Page 2, Col 3, Line 7).....	L(23) + L(24)	.0		
(26) Total Fixed Income Assets RBC	L(9) + L(10) + L(13) + L(18) + L(19) + L(20) + L(21) + L(22) + L(23) + L(24)			86,404

* These bonds appear in Schedule D Part 1A Section 1 and are already recognized in the Bond portion of the formula.

Premier Behavioral Systems of Tennessee, LLC

EQUITY ASSETS

	Annual Statement Source	(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
PREFERRED STOCK – UNAFFILIATED				
(1) Class 01 Preferred Stock (excluding Hybrids).....	Included in Sch. D, Part 2, Sn 1		0.003	..0
(2) Class 02 Preferred Stock (excluding Hybrids).....	Included in Sch. D, Part 2, Sn 1		0.010	..0
(3) Class 03 Preferred Stock (excluding Hybrids).....	Included in Sch. D, Part 2, Sn 1		0.020	..0
(4) Class 04 Preferred Stock (excluding Hybrids).....	Included in Sch. D, Part 2, Sn 1		0.045	..0
(5) Class 05 Preferred Stock (excluding Hybrids).....	Included in Sch. D, Part 2, Sn 1		0.100	..0
(6) Class 06 Preferred Stock (excluding Hybrids).....	Included in Sch. D, Part 2, Sn 1		0.300	..0
(7) Class 01 Hybrids Reported as Preferred Stock.....	Included in Sch. D, Part 2, Sn 1		0.003	..0
(8) Class 02 Hybrids Reported as Preferred Stock.....	Included in Sch. D, Part 2, Sn 1		0.010	..0
(9) Class 03 Hybrids Reported as Preferred Stock.....	Included in Sch. D, Part 2, Sn 1		0.020	..0
(10) Class 04 Hybrids Reported as Preferred Stock.....	Included in Sch. D, Part 2, Sn 1		0.045	..0
(11) Class 05 Hybrids Reported as Preferred Stock.....	Included in Sch. D, Part 2, Sn 1		0.100	..0
(12) Class 06 Hybrids Reported as Preferred Stock.....	Included in Sch. D, Part 2, Sn 1		0.300	..0
(13) Total Unaffiliated Preferred Stock, Including Hybrids Page 2, Col 3, Line 2.1 - Sch D, Sum Col 1, Line 39.....	Sum of Lines (1) through (12)	..0		..0
COMMON STOCK – UNAFFILIATED				
(14) Federal Home Loan Bank stock.....	Company Records		0.023	..0
(15) Non-government money market funds.....	Sch D, Pt 2, Sn 2, Col 6, Line 7199999	..0	0.003	..0
(16) Total Common Stock.....	Sch D, Summary, Col 1, Line 54	..0		
(17) Affiliated Common Stock.....	Sch D, Summary, Col 1, Line 53	..0		
(18) Other Unaffiliated Common Stock.....	L(16) - L(14) - L(15) - L(17)	..0	0.150	..0
(19) Total Unaffiliated Common Stock	L(14) + L(15) + L(18)	0		0

XR009

PROPERTY & EQUIPMENT ASSETS

	Annual Statement Source	(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
(1) Properties occupied by the company.....	Page 2, Col 3, Line 4.1	.....0	0.100	.....0
(2) Encumbrances (Property occupied by the company).....	Page 2, Line 4.1, inside amount	.....0	0.100	.....0
(3) Properties held for the production of income.....	Page 2, Col 3, Line 4.2	.....0	0.100	.....0
(4) Encumbrances (Property held for production of income).....	Page 2, Line 4.2, inside amount	.....0	0.100	.....0
(5) Properties held for sale.....	Page 2, Col 3, Line 4.3	.....0	0.100	.....0
(6) Encumbrances (Property held for sale).....	Page 2, Line 4.3, inside amount	.....0	0.100	.....0
(7) Furniture and equipment.....	L(7.1) + L(L7.2) (should equal Page 2, Col 3, Line 19)	.....0		
(7.1) HC delivery subject to statutory acct depreciation limits.....	Company Records		0.100	.....0
(7.2) All other furniture and equipment.....	Company Records		0.100	.....0
(8) EDP equipment and software.....	Page 2, Col 3, Line 18	.....0	0.100	.....0
(9) Total Property and Equipment	L(1)+L(2)+L(3)+L(4)+L(5)+L(6)+L(7.1) +L(7.2)+L(8)	0		0

ASSET CONCENTRATION

(1)		(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
Issuer Name				
(1)	Class 2 Unaffiliated Bonds.....		0.010	.....0
(2)	Class 3 Unaffiliated Bonds.....		0.020	.....0
(3)	Class 4 Unaffiliated Bonds.....		0.045	.....0
(4)	Class 5 Unaffiliated Bonds.....		0.100	.....0
(5)	Collateral Loans.....		0.050	.....0
(6)	Mortgages.....		0.050	.....0
(7)	Class 2 Preferred Stock (excluding Hybrids).....		0.010	.....0
(8)	Class 3 Preferred Stock (excluding Hybrids).....		0.020	.....0
(9)	Class 4 Preferred Stock (excluding Hybrids).....		0.045	.....0
(10)	Class 5 Preferred Stock (excluding Hybrids).....		0.100	.....0
(11)	Class 2 Hybrids Reported as Preferred Stock.....		0.010	.....0
(12)	Class 3 Hybrids Reported as Preferred Stock.....		0.020	.....0
(13)	Class 4 Hybrids Reported as Preferred Stock.....		0.045	.....0
(14)	Class 5 Hybrids Reported as Preferred Stock.....		0.100	.....0
(15)	Other Long-Term Invested Assets.....		0.100	.....0
(16)	Unaffiliated Common Stock.....		0.150	.....0
(17)	Total of Issuer = Lines (1) through (16)	0		0

XR011

UNDERWRITING RISK
Experience Fluctuation Risk

Line of Business	1 Comprehensive Medical	2 Medicare Supplement	3 Dental & Vision	4 Stand-Alone Medicare Part D Coverage	5 Other	6 Total
(1) † Premium.....	0	0	0			0
(2) † Title XVIII – Medicare.....	0	XXX	XXX	XXX	XXX	0
(3) † Title XIX – Medicaid.....	87,735,501	XXX	XXX	XXX	XXX	87,735,501
(4) † Other Health Risk Revenue.....	0	XXX	0			0
(5) Underwriting Risk Revenue = L(1) + L(2) + L(3) + L(4).....	87,735,501	0	0	0	0	87,735,501
(6) † Net Incurred Claims.....	71,126,264	0	0			71,126,264
(7) † Fee-for-Service Offset.....	0	XXX	0			0
(8) Underwriting Risk Incurred Claims = L(6) – L(7).....	71,126,264	0	0	0	0	71,126,264
(9) Underwriting Risk Claims Ratio = L(8)/L(5).....	0.811	0.000	0.000	0.000	0.000	0.811
(10) Underwriting Risk Factor*.....	0.107	0.105	0.120	0.141	0.130	XXX
(11) Base Underwriting Risk RBC = L(5) x L(9) x L(10).....	7,613,424	0	0	0	0	7,613,424
(12) Managed Care Discount Factor.....	0.741	0.741	0.741	1.000		XXX
(13) RBC after Managed Care Discount = L(11) x L(12).....	5,641,547	0	0	0	0	5,641,547
(14) † Maximum per individual Risk after Reinsurance.....	0	0	0			XXX
(15) Alternate Risk Charge**.....	1,500,000	0	0	0	0	XXX
(16) Alternate Risk Adjustment.....	0	0	0	0	0	XXX
(17) Net Alternate Risk Charge***.....	1,500,000	0	0	0	0	1,500,000
(18) Net Underwriting Risk RBC (MAX{L(13),L(17)}).....	5,641,547	0	0	0	0	5,641,547

TIERED RBC FACTORS *					
	Comprehensive Medical	Medicare Supplement	Dental & Vision	Stand-Alone Medicare Part D Coverage	Other
\$0 - \$3 Million.....	0.150	0.105	0.120	0.141	0.130
\$3 - \$25 Million.....	0.150	0.067	0.076	0.141	0.130
Over \$25 Million.....	0.090	0.067	0.076	0.109	0.130
ALTERNATE RISK CHARGE**					
** The Line (15) Alternate Risk Charge is calculated as follows:					
LESSER OF:	\$1,500,000 or 2 x Maximum Individual Risk	\$50,000 or 2 x Maximum Individual Risk	\$50,000 or 2 x Maximum Individual Risk	\$150,000 or 6 x Maximum Individual Risk	\$50,000 or 2 x Maximum Individual Risk

† The Annual Statement Sources are found on page XR013

* This column is for a single result for the Comprehensive Medical & Hospital, Medicare Supplement and Dental/Vision managed care discount factor.

*** Limited to the largest of the applicable alternate risk adjustments, prorated if necessary.

XR012

Premier Behavioral Systems of Tennessee, LLC

UNDERWRITING RISK
Annual Statement Source

Line of Business		1 Comprehensive Medical	2 Medicare Supplement	3 Dental & Vision	4 Stand-Alone Medicare Part D Coverage	5 Other	6 Total
(1)	Premium.....	P7, C2, L1 + L2	P7, C3, L1 + L2	P7, C4 & C5, L1 + L2			
(2)	Title XVIII – Medicare.....	P7, C7, L1 + L2	XXX	XXX	XXX	XXX	P7, C7, L1 + L2
(3)	Title XIX – Medicaid.....	P7, C8, L1 + L2	XXX	XXX	XXX	XXX	P7, C8, L1 + L2
(4)	Other Health Risk Revenue.....	P7, C2, L4	XXX	P7, C4 & C5, L4			
(6)	Net Incurred Claims.....	P7, L17, C2+C7+C8	P7, C3, L17	P7, C4 & C5, L17			
(7)	Fee-for-Service Offset.....	P7, C2, L3	XXX	P7, C4 & C5, L3			
(14)	Maximum per individual Risk after Reinsurance	Gen Int Pt 2 L5.31 + 5.32	Gen Int Pt 2 L5.33	Gen Int Pt 2 L5.34			XXX

XR013

Premier Behavioral Systems of Tennessee, LLC

OTHER UNDERWRITING RISK

Other Underwriting Risk		Annual Statement Source	(1) Amount	Factor	(2) RBC Requirement
(19)	Business with Rate Guarantees Between 15-36 Months - Direct Premium Earned.....	Gen Int Pt 2 9.21	.....0	0.024	.....0
(20)	Business with Rate Guarantees Over 36 Months - Direct Premium Earned.....	Gen Int Pt 2 9.22	.....0	0.064	.....0
(21)	FEHBP and TRICARE Claims Incurred.....	UI Pt 2, Col 6, Line 12.4	.....0	0.020	.....0
(22)	Stop Loss and Minimum Premium.....	Company Records	.....0	0.250	.....0
(22.1)	Supplemental Benefits within Stand-Alone Medicare Part D Coverage.....	Company Records	.....0	0.120	.....0
(22.2)	Total Other Underwriting Risk.....	Sum of lines (19) through (22.1)	.....0		.....0
Disability Income Premium					
(23)	Noncancellable Disability Income - Individual Morbidity.....	Company Records	.....0		.....0
(23.1)	First 50 Million Earned Premium of L(23).....		.....0	0.350	.....0
(23.2)	Over 50 Million Earned Premium of L(23).....		.....0	0.150	.....0
(23.3)	Total Noncancellable Disability Income - Individual Morbidity.....	L(23.1) + L(23.2)	.....0		.....0
(24)	Other Disability Income - Individual Morbidity.....	Company Records	.....0		.....0
(24.1)	Earned Premium in L(24) [up to 50 Million less Premium in L(23.1)].....		.....0	0.250	.....0
(24.2)	Earned Premium in L(24) not included in L(24.1).....		.....0	0.070	.....0
(24.3)	Total Other Disability Income - Individual Morbidity.....	L(24.1) + L(24.2)	.....0		.....0
(25)	Disability Income - Credit Monthly Balance Plans.....	Included in Page 7, Col 10, L1 and 2	.....0		.....0
(25.1)	First 50 Million Earned Premium of L(25).....		.....0	0.200	.....0
(25.2)	Over 50 Million Earned Premium of L(25).....		.....0	0.030	.....0
(25.3)	Total Disability Income - Credit Morbidity.....	L(25.1) + L(25.2)	.....0		.....0
(26)	Disability Income - Group Long-term.....	Company Records	.....0		.....0
(26.1)	Earned Premium in L(26) [up to 50 Million less Premium in L(25.1)].....		.....0	0.150	.....0
(26.2)	Earned Premium in L(26) not included in L(26.1).....		.....0	0.030	.....0
(26.3)	Total Disability Income - Group Long-term.....	L(26.1) + L(26.2)	.....0		.....0
(27)	Disability Income - Credit Single Premium with Additional Reserves.....	Company Records	.....0		.....0
(27.1)	Additional Reserves for Credit Disability Plans.....	Company Records	.....0		.....0
(27.2)	Additional Reserves for Credit Disability Plans, prior year.....	Company Records	.....0		.....0
(27.3)	Sub-total Disability Income - Credit Single Premium with Additional Reserves.....	L(27) - L(27.1) + (L27.2)	.....0		.....0
(27.4)	Earned Premium in L(27.3) [up to 50 Million less Premium in L(25.1)+ (26.1)].....		.....0	0.100	.....0
(27.5)	Earned Premium in L(27.3) not included in L(27.4).....		.....0	0.030	.....0
(27.6)	Total Disability Income - Credit Single Premium with Additional Reserves.....	L(27.4) + L(27.5)	.....0		.....0
(28)	Disability Income - Credit Single Premium without Additional Reserves.....	Company Records	.....0		.....0
(28.1)	Earned Premium in L(28) [up to 50 Million less Premium in Lines(25.1)+ (26.1)+(27.4)].....		.....0	0.150	.....0
(28.2)	Earned Premium in L(28) not included in L(28.1).....		.....0	0.030	.....0
(28.3)	Total Disability Income - Credit Single Premium without Additional Reserves.....	L(28.1) + (L28.2)	.....0		.....0
(29)	Disability Income - Group Short-term.....	Company Records	.....0		.....0
(29.1)	Earned Premium in L(29) [up to 50 Million less Premium in Lines(25.1)+ (26.1)+(27.4)+(28.1)].....		.....0	0.050	.....0
(29.2)	Earned Premium in L(29) not included in L(29.1).....		.....0	0.030	.....0
(29.3)	Total Disability Income - Group Short-term.....	L(29.1) + (L29.2)	.....0		.....0

Premier Behavioral Systems of Tennessee, LLC

LONG-TERM CARE

<u>Long-Term Care (LTC) Insurance Premium</u>		(1)		(2)
		Annual Statement Source	Amount	RBC Requirement
(30)	Noncancellable LTC Premium – Rate Risk	Company Records		0.100 *
(31)	All LTC Premium - Morbidity Risk (to \$50 million)	Line (34.1) Column (1) up to 50 million	0	0.100
(32)	LTC Premium (over \$50 million) - Morbidity Risk	Remainder of Line (34.1) Column (1) over 50 million	0	0.030
(33)	Premium-based RBC	Col (2), Line (30) + Line (31) + Line (32)		0

<u>Historical Loss Ratio Experience</u>		(1)	(2)	(3)	(4)
		Annual Statement Source	Premiums	Incurred Claims	Col. (2)/(1) § Loss Ratio
(34.1)	Current Year	Company Records			0.000
(34.2)	Immediate Prior Year	Company Records			0.000
(34.3)	Average Loss Ratio	If loss ratios are used, [Column (3) Line (34.1) + Line (34.2)]/2, otherwise zero			0.000
(35)	Adjusted LTC Claims for RBC	If Column (3) Line (34.3) <> 0, then [Column (1) Line (31) + Line (32)] X Column (3), Line (34.3), else Column (2) Line (34.1)	0		
(35.1)	Claims (to \$35 million) – Morbidity Risk †	Lower of Column (2) Line (35) and \$35 million	0		0.370 †
(35.2)	Claims (over \$35 million) – Morbidity Risk	Excess of Column (2) Line (35) over \$35 million	0		0.120 ‡
(36)	LTC Claims Reserves ‡	Company Records			0.050
(37)	Claims-based RBC	Column (4), Line (35.1) + Line (35.2)			
(38)	LTC RBC	Column (2), Line (33) + Column (4) Line (36) + Line (37)			0

* The factor applies to all Noncancellable premium.

† If Column (1), Line (34.1) is positive, then a factor of 0.250 is used. Otherwise, a higher factor of 0.370 is used.

‡ If Column (1), Line (34.1) is positive, then a factor of 0.080 is used. Otherwise, a higher factor of 0.120 is used.

§ If Column (1), Line (34.1) or (34.2) are less than or equal to zero or if Column (2), Line (34.1) or (34.2) are less than zero, the loss ratios are used and Column (3), Line (34.3) is set to zero.

OTHER UNDERWRITING RISK

		Annual Statement Source	(1) Amount	Factor	(2) RBC Requirement
Limited Benefit Plans (Individual and Group Combined)					
(39)	Hospital Indemnity and Specified Disease.....	Included in Page 7, Col 9, L1 and 2, in part		0.035	.....0
(39.1)	50,000 if L(39) is greater than zero.....				.....0
(39.2)	Total Hospital Indemnity and Specified Disease.....	L(39) + L(39.1)			.....0
(40)	Accidental Death & Dismemberment.....	Included in Page 7, Col 9, L1 and 2, in part			
(40.1)	First 10 Million Earned Premium of L(40).....		.....0	0.055	.....0
(40.2)	Over 10 Million Earned Premium of L(40).....		.....0	0.015	.....0
(40.3)	Maximum Retained Risk for any single claim.....	Company Records			
(40.4)	Three times L(40.3).....		.....0		
(40.5)	Lesser of L(40.4) or \$300,000.....				.....0
(40.6)	Total AD&D.....	L(40.1) + L(40.2) + L(40.5)			.....0
(41)	Other Accident.....	Included in Page 7, Col 9, L1 and 2, in part		0.050	.....0
(42)	Premium Stabilization Reserves.....	Included in U&I, Pt 2D, Col 1, Line 4	.....0	(0.500)	.....0
(43)	Total, Other Underwriting Risk	L(22.2)+L(23.3)+L(24.3)+L(25.3)+ L(26.3)+L(27.6)+L(28.3)+L(29.3)+ L(38)+L(39.2)+L(40.6)+L(41)+L(42)			0

Φ This is limited to the total Net Underwriting RBC on XR012, Col (6), Line (18) Less Col (4), and XR014, Col (2), Lines (22.2), (23.3), (24.3), (25.3), (26.3), (27.6), (28.3), (29.3), and XR015, Col (2), Line (33) and XR016 Col (2), Lines (39.2), (40.6), and (41).

XR016

Premier Behavioral Systems of Tennessee, LLC

UNDERWRITING RISK - Managed Care Credit Calculation

		(1)	(2)	(3)	(4)
	Annual Statement Source	Factor*	Paid Claims	Weighted Claims*	Part D Weighted Claims**
<u>Managed Care Claims Payments</u>					
(1) Category 0 - Arrangements not Included in Other Categories.....	Exhibit 7, Pt 1, Col 1, Line 5, in part***	0.000	42,867,400	0	
(2) Category 1 - Payments Made According to Contractual Arrangements.....	Exhibit 7, Pt 1, Col 1, Line 6, in part***	0.150		0	
(3) Category 2a - Subject to Withholds or Bonuses - Otherwise Category 0.....	Exhibit 7, Pt 1, Col 1, Line 7, in part***	0.000		0	
(4) Category 2b - Subject to Withholds or Bonuses - Otherwise Category 1.....	Exhibit 7, Pt 1, Col 1, Line 8, in part***	0.150		0	
(5) Category 3a - Capitated Payments Directly to Providers.....		0.600	32,596,259	19,557,755	
(5.1) Capitation Payments - Medical Group - Category 3a.....	Exhibit 7, Pt 1, Col 1, Line 1, in part***		32,334,654		
(5.2) Capitation Payments - All Other Providers - Category 3a.....	Exhibit 7, Pt 1, Col 1, Line 3, in part***		261,605		
(6) Category 3b - Capitated Payments to Regulated Intermediaries.....	Included in Exhibit 7, Pt 1, Col 1, Line 2, in part***	0.600		0	
(7) Category 3c - Capitated Payments to Non-Regulated Intermediaries.....	Included in Exhibit 7, Pt 1, Col 1, Line 2, in part***	0.600		0	
(8) Category 4 - Medical & Hospital Expense Paid as Salary to Providers.....		0.750	0	0	
(8.1) Non-contingent Salaries - Category 4.....	Exhibit 7, Pt 1, Col 1, Line 9				
(8.2) Aggregate Cost Arrangements - Category 4.....	Exhibit 7, Pt 1, Col 1, Line 10				
(8.3) Less Fee For Service revenue from ASC or ASO.....	Company Records				
(9) Sub-Total Paid Claims.....	Exhibit 7, Pt 1, Col 1, Line 13 - Line 11 - Line (8.3) - Line(12) - Line(13)		75,463,659	19,557,755	
<u>Medicare Part D Coverage Claim Payments</u>					
(10) Category 0 - No Federal Reinsurance or Risk Corridor Protection.....	Company Records	XXX	XXX	XXX	
(11) Category 1 - Federal Reinsurance but no Risk Corridor Protection.....	Company Records	XXX	XXX	XXX	
(12) Category 2a - No Federal Reinsurance but Risk Corridor Protection.....	Company Records	0.500		0	
(13) Category 3a - Federal Reinsurance and Risk Corridor Protection apply.....	Company Records	0.650		0	
(14) Sub-Total Paid Claims.....	Sum of Lines (10) through (13)		0	0	
(15) Total Paid Claims.....	Sum of Lines (9) and (14)		75,463,659		
(16) Weighted Average Managed Care Discount.....				0.259	0.000
(17) Weighted Average Managed Care Risk Adjustment Factor				0.741	1.000

* This column is for a single result for the Comprehensive Medical & Hospital, Medicare Supplement and Dental managed care discount factor.

** This column is for the Medicare Part D managed care discount factor.

*** Medicare Part D Stand-Alone Business reported in Lines (10) through (13) would be excluded from these amounts.

Premier Behavioral Systems of Tennessee, LLC

UNDERWRITING RISK - Managed Care Credit Calculation

*Calculation of Category 2 Managed Care Factor

	Annual Statement Source	(1) Amount
(18) Withhold & bonus payments, <i>prior year</i>	Company Records	
(19) Withhold & bonuses available, <i>prior year</i>	Company Records	
(20) MCC Multiplier - average withhold returned [L(18)/I(19)].....		0.000
(21) Withholds & bonuses available, <i>prior year</i>	Company Records	
(22) Claims payments subject to withhold, <i>prior year</i>	Company Records	
(23) Average withhold rate, prior year [L(21)/L(22)].....		0.000
(24) MCC Discount Factor, Category 2 Min{.25,[L(20)xL(23)]}		0.000

Premier Behavioral Systems of Tennessee, LLC

CREDIT RISK

	Annual Statement Source	(1) Amount	Factor	(2) RBC Requirement
Reinsurance Ceded				
(1) Recoverables on Paid Losses - 100% owned affiliates.....	Included in Sch S, Pt 2, C6, L0499999			
(2) Recoverables on Paid Losses - other affiliates.....	Included in Sch S, Pt 2, C6, L0499999		0.005	.....0
(3) Recoverables on Paid Losses - Non-affiliates.....	Sch S, Pt 2, C6, L0599999	.....0	0.005	.....0
(4) Total Recoverables on Paid Losses.....	Lines (1) + (2) + (3) (Sch S, Pt 2, C6, L0699999)	.....0		.....0
(5) Recoverables on Unpaid Losses - 100% owned affiliates.....	Included in Sch S, Pt 2, C7, L0499999			
(6) Recoverables on Unpaid Losses - other affiliates.....	Included in Sch S, Pt 2, C7, L0499999		0.005	.....0
(7) Recoverables on Unpaid Losses - Non-affiliates.....	Sch S, Pt 2, C7, L0599999	.....0	0.005	.....0
(8) Total Recoverables on Unpaid Losses.....	Lines (5) + (6) + (7) (Sch S, Pt 2, C7, L0699999)	.....0		.....0
(9) Unearned premiums - 100% owned affiliates.....	Included in Sch S, Pt 3, Sn 2, C8, L0199999 + L0499999			
(10) Unearned premiums - other affiliates.....	Included in Sch S, Pt 3, Sn 2, C8, L0199999 + L0499999		0.005	.....0
(11) Unearned premiums - Non-affiliates.....	Sch S, Pt 3, Sn 2, C8, L0299999 + L0599999	.....0	0.005	.....0
(12) Total unearned premiums.....	Lines (9) + (10) + (11)	.....0		.....0
(13) Other Reserve Credits - 100% owned affiliates.....	Included in Sch S, Pt 3, Sn 2, C9, L0199999 + L0499999			
(14) Other Reserve Credits - other affiliates.....	Included in Sch S, Pt 3, Sn 2, C9, L0199999 + L0499999		0.005	.....0
(15) Other Reserve Credits - Non-affiliates.....	Sch S, Pt 3, Sn 2, C9, L0299999 + L0599999	.....0	0.005	.....0
(16) Total Other Reserve Credits.....	Lines (13) + (14) + (15)	.....0		.....0
(17) Total Reinsurance RBC.....	L(4) + L(8) + L(12) + L(16)			.....0
Capitations to Intermediaries				
(18) Total Capitations Paid Directly to Providers.....	XR017, Col (2), Line (5)	32,596,259		
(19) Less Secured Capitations to Providers.....	Company Records	.....0		
(20) Capitations to Providers Subject to Credit Risk Charge.....	L(18) - L(19)	32,596,259	0.020	651,925
(21) Total Capitations to Intermediaries.....	XR017, Col (2), Line (6)+(7)	.....0		
(22) Less Secured Capitations to Intermediaries.....	Company Records	.....0		
(23) Capitations to Intermediaries Subject to Credit Risk Charge.....	L(21) - L(22)	.....0	0.040	.....0
(24) Capitation Credit Risk to RBC.....	L(20) + L(23)			651,925

CREDIT RISK

	Annual Statement Source	(1) Amount	Factor	(2) RBC Requirement
Other Receivables				
(25) Investment Income Receivable.....	Page 2, Col 3, Line 12	29,819	0.010	298
(26) Health Care Receivables.....	Exhibit 3, Col 7, Line 0799999	0		
(26.1) Pharmaceutical Rebate Receivables.....	Exhibit 3, Col 7, Line 0199999	0	0.050	0
(26.2) Claim Overpayment Receivables.....	Exhibit 3, Col 7, Line 0299999	0	0.050	0
(26.3) Loan and Advances to Providers.....	Exhibit 3, Col 7, Line 0399999	0	0.050	0
(26.4) Capitation Arrangement Receivables.....	Exhibit 3, Col 7, Line 0499999	0	0.050	0
(26.5) Risk Sharing Receivables.....	Exhibit 3, Col 7, Line 0599999	0	0.050	0
(26.6) Other Health Care Receivables.....	Exhibit 3, Col 7, Line 0699999	0	0.050	0
(27) Amounts Receivable relating to uninsured accident and health plans.....	Included in Page 2, Col 3, Line 15		0.050	0
(28) Amounts Due From Parents, Subs, and Affiliates.....	Page 2, Col 3, Line 21	172,745	0.050	8,637
(29) Aggregate Write-ins for other than invested assets.....	Page 2, Col 3, Line 23	0	0.050	0
(30) Total Other Receivables RBC.....	L(25) + Sum L(26.1) through L(29)			8,935
(31) Total Credit RBC.....	L(17) + L(24) + L(30)			660,860

Premier Behavioral Systems of Tennessee, LLC

BUSINESS RISK

	Annual Statement Source	(1) Amount	Factor*	(2) RBC Requirement
Administrative Expense Risk				
(1) Claims adjustment expenses.....	Page 4, Col 2, Line 20	877,355		
(2) General administrative expenses.....	Page 4, Col 2, Line 21	9,320,913		
(3) less the Net amount of ASC Revenue and Expenses included in Line 1 and Line 2.....	Company Records			
(4) less the Net amount of ASO Revenue and Expenses included in Line 1 and Line 2.....	Company Records			
(5) less Admin Expenses for Commission & Premium Taxes.....	Underwriting & Investment Exhibit Part 3, Line 3, in part	1,718,830		
(6) Administrative Expenses Base RBC.....	L(1) + L(2) - L(3) - L(4) - L(5)	8,479,438	0.049	415,492
(7) Proration of Admin Expense to Experience Fluctuation Risk.....	L(6) x L(20)/(L(21) + L(22))			415,492
Non-Underwritten and Limited-Risk				
(8) Administrative expenses for ASC arrangements.....	Company Records		0.020	.0
(9) Administrative expenses for ASO arrangements.....	Company Records		0.020	.0
(10) Medical costs paid through ASC arrangements (Including Fee-for-service received from other health entities).....	Company Records		0.010	.0
(11) Non-Underwritten and Limited-Risk Business RBC.....		.0		.0
Guaranty Fund Assessment-Risk				
(12) Premiums Subject to Guaranty Fund Assessment.....	Included in Sch T - Company Records		0.005	.0
Excessive Growth Risk				
(13) UW Risk Revenue, Prior Year.....	2007 XR011, Col (6), Line (5) (manual entry)			
(14) UW Risk Revenue, Current Year.....	2008 XR012, Col (6), Line (5)	87,735,501		
(15) Net UW Risk RBC, Prior Year.....	2007 XR011, Col (6), Line (18) (manual entry)			
(16) Net UW Risk RBC, Current Year.....	2008 XR012, Col (6), Line (18)	5,641,547		
(17) RBC Growth Safe Harbor.....	[L(14)/L(13) + .10] x L(15)	.0		
(18) Excess of RBC Growth Over Safe Harbor.....	Max{0, L(16) - L(17)}	5,641,547		
(19) Excessive Growth Risk RBC.....	.5 x L(18)			2,820,774

* The factor for the Administrative Expenses Base RBC is calculated as a weighted average, based on premium volume from XR012

	Annual Statement Source	Premium	Weight	Weighted Premium
(20) Experience Fluctuation Risk Revenue.....	XR012, Col (5), Line (5)	87,735,501		
(21) Premiums Earned.....	Page 4, Col 2, Line 2 + 3	87,735,501		
(22) Risk Revenue.....	Page 4, Col 2, Line 5	.0		
(23) Tier 1 - \$0 to \$25 million of Line (20).....		25,000,000	0.070	1,750,000
(24) Tier 2 - Amount over \$25 million of Line (20).....		62,735,501	0.040	2,509,420
(25) Total Experience Fluctuation Risk Revenue.....	L(23) + L(24)	87,735,501		4,259,420
(26) Administrative Expenses Base RBC Factor.....	Col (2), Line (25)/Col (1), Line (25)			0.049

Premier Behavioral Systems of Tennessee, LLC

Calculation of Total Risk-Based Capital After Covariance

		(1) RBC Amount
H0 - ASSET RISK - AFFILIATES W/RBC		
(1) Off-Balance Sheet Items.....	XR005, Off-Balance Sheet Page - L(15)	0
(2) Directly Owned Insurer Subject to RBC.....	XR003, Affiliates Page - L(1)	0
(3) Indirectly Owned Insurer Subject to RBC.....	XR003, Affiliates Page - L(2)	0
(4) Directly Owned MCO Subject to RBC.....	XR003, Affiliates Page - L(3)	0
(5) Indirectly Owned MCO Subject to RBC.....	XR003, Affiliates Page - L(4)	0
(6) Directly Owned Alien Insurer.....	XR003, Affiliates Page - L(7)	0
(7) Indirectly Owned Alien Insurers.....	XR003, Affiliates Page - L(8)	0
(8) Total H0.....	Sum L(1) through L(7)	0
H1 - ASSET RISK - OTHER		
(9) Investment Subsidiary.....	XR003, Affiliates Page - L(5)	0
(10) Holding Company Excess of Subsidiaries.....	XR003, Affiliates Page - L(6)	0
(11) Investment in Parent.....	XR003, Affiliates Page - L(9)	0
(12) Other Affiliates.....	XR003, Affiliates Page - L(10)	0
(13) Fair Value Excess Affiliate Common Stock.....	XR003, Affiliates Page - L(11)	0
(14) Fixed Income Assets.....	XR006, Off-Balance Sheet Collateral, L(9) + L(19) + XR007, Fixed Income Assets Page - L(26)	86,404
(15) Replication & Mandatorily Convertible Securities.....	XR008, Replication/MCS Page - L(9999999)	0
(16) Unaffiliated Preferred Stock Including Hybrids.....	XR006, Off-Balance Sheet Collateral, L(16) + XR009, Equity Assets Page - L(13)	0
(17) Unaffiliated Common Stock.....	XR006, Off-Balance Sheet Collateral, L(17) + XR009, Equity Assets Page - L(19)	0
(18) Property & Equipment.....	XR006, Off-Balance Sheet Collateral, L(18) + XR010, Prop/Equip Assets Page - L(9)	0
(19) Asset Concentration.....	XR011, Grand Total Asset Concentration Page - L(17)	0
(20) Total H1.....	Sum L(9) through L(19)	86,404
H2 - UNDERWRITING RISK		
(21) Net Underwriting Risk.....	XR012, Underwriting Risk Page - L(18)	5,641,547
(22) Other Underwriting Risk.....	XR014, Underwriting Risk Page - L(22.2)	0
(23) Disability Income.....	XR014, Underwriting Risk Page - L(23.3)+L(24.3)+L(25.3)+L(26.3)+L(27.6)+L(28.3)+L(29.3)	0
(24) Long-Term Care.....	XR015, Underwriting Risk Page - L(38)	0
(25) Limited Benefit Plans.....	XR016, Underwriting Risk Page - L(39.2)+L(40.6)+L(41)	0
(26) Premium Stabilization Reserve.....	XR016, Underwriting Risk Page - L(42)	0
(27) Total H2.....	Sum L(21) through L(26)	5,641,547

Premier Behavioral Systems of Tennessee, LLC

Calculation of Total Risk-Based Capital After Covariance

		(1) RBC Amount
H3 - CREDIT RISK		
(28) Total Reinsurance RBC.....	XR019, Credit Risk Page - L(17)	.....0
(29) Intermediaries Credit Risk RBC.....	XR019, Credit Risk Page - L(24)	.....651,925
(30) Total Other Receivables RBC.....	XR020, Credit Risk Page - L(30)	.....8,935
(31) Total H3.....	Sum L(28) through L(30)	.....660,860
H4 - BUSINESS RISK		
(32) Administrative Expenses RBC.....	XR021, Business Risk Page - L(7)	.....415,492
(33) Non-Underwritten and Limited Risk Business RBC.....	XR021, Business Risk Page - L(11)	.....0
(34) Premiums Subject to Guaranty Fund Assessments.....	XR021, Business Risk Page - L(12)	.....0
(35) Excessive Growth RBC.....	XR021, Business Risk Page - L(19)	.....2,820,774
(36) Total H4.....	Sum L(32) through L(35)	.....3,236,266
(37) RBC After Covariance.....	$H0 + \text{Square Root of } (H1^2 + H2^2 + H3^2 + H4^2)$	.....6,537,941
(38) Authorized Control Level RBC	.50 x RBC after Covariance	3,268,971

XR023

CALCULATION OF TOTAL ADJUSTED CAPITAL

	Annual Statement Source	(1) Amount	Factor	(2) Adjusted Capital
Company Amounts				
(1) Capital and Surplus.....	Page 3, Col 3, Line 31	8,583,355	1.000	8,583,355
Subsidiary Adjustments				
(2) AVR - Life Subs.....	Affiliate's statement		1.000	0
(3) Dividend Liability - Life Subsidiaries.....	Affiliate's statement		0.500	0
(4) Tabular Discounts - P&C Subsidiaries.....	Affiliate's statement		(1.000)	0
(5) Non-Tabular Discounts - P&C Subsidiaries.....	Affiliate's statement		(1.000)	0
(6) Total Adjusted Capital, Post-deferred Tax.....				8,583,355
SENSITIVITY TEST:				
(7) DTA Value for Company.....	Page 2, Col 3, Line 16.2	0	1.000	0
(8) DTL Value for Company.....	Page 3, Col 3, Line 10.2	0	1.000	0
(9) DTA Value for Insurance Subsidiaries.....	Company Records		1.000	0
(10) DTL Value for Insurance Subsidiaries.....	Company Records		1.000	0
(11) Total Adjusted Capital, Pre-deferred Tax (sensitivity)	L(6)-L(7)+L(8)-L(9)+L(10)			8,583,355

COMPARISON OF TOTAL ADJUSTED CAPITAL TO RISK-BASED CAPITAL

		Abbreviation	(1) Amount
(1)	Total Adjusted Capital, Post-Tax.....		8,583,355
(2)	Company Action Level = 200% of Authorized Control Level.....	CAL	6,537,942
(3)	Regulatory Action Level = 150% of Authorized Control Level.....	RAL	4,903,457
(4)	Authorized Control Level = 100% of Authorized Control Level.....	ACL	3,268,971
(5)	Mandatory Control Level = 70% of Authorized Control Level.....	MCL	2,288,280
(6)	Level of Action, if Any	NONE	
THE FOLLOWING NUMBERS MUST BE REPORTED IN THE FIVE YEAR HISTORY EXHIBIT ON THE INDICATED LINE			
Total Adjusted Capital on Line 14 of the Five-Year Historical Data Page.....			8,583,355
Authorized Control Level Risk-Based Capital on Line 15 of the Five-Year Historical Data Page			3,268,971

Premier Behavioral Systems of Tennessee, LLC

CAPITATIONS PAID DIRECTLY TO PROVIDERS

Name of Provider	1 Paid Capititions During Year	2 Letter of Credit Amount	3 Funds Withheld	4 Protection Percentage	5 Exempt Capititions
0199999 -Capititions Paid Directly to Providers	0	XXX	XXX	XXX	0

CAPITATIONS PAID TO UNREGULATED INTERMEDIARIES

Name of Provider	1 Paid Capititions During Year	2 Letter of Credit Amount	3 Funds Withheld	4 Protection Percentage	5 Exempt Capititions
0299999 -Capititions Paid to Unregulated Intermediaries	0	XXX	XXX	XXX	0

CAPITATIONS PAID TO REGULATED INTERMEDIARIES

Name of Provider	1 Paid Capititions During Year	2 State of Domicile	5 Exempt Capititions	
0399999 -Capititions Paid to Regulated Intermediaries	0	XXX	0	

TOTAL CAPITATIONS

Name of Provider	1 Paid Capititions During Year		5 Exempt Capititions
Total	0		0

XR026

